

**BALL JANIK LLP**

A T T O R N E Y S

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LOUIS E. GITOMER  
OF COUNSEL  
(202) 466-6532

lgitomer@dc.bjllp.com

January 10, 2003

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, DC 20423

RECORDATION NO. 23981-K FILED  
JAN 10 '03 2-02 PM  
SURFACE TRANSPORTATION BOARD

Dear Secretary Williams:

I have enclosed the original and one certified copy of the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Memorandum of Amendment to U.S. Guarantee and Security Agreement, a secondary document, dated as of November 1, 2002. The primary document to which this is connected is recorded under Recordation No. 23981. We request that one copy of this document be recorded under Recordation No. 23981-K.

The names and addresses of the parties to the Memorandum of Amendment to U.S. Guarantee and Security Agreement are:

Secured Party:

The Bank of Nova Scotia  
600 Peachtree Street, Suite 2700  
Atlanta, GA, 30308

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Debtors:

RailAmerica, Inc.  
Palm Beach Rail Holdings, Inc.  
RailAmerica Transportation Corp.  
Arizona & California Railroad Company  
California Northern Railroad Company  
Puget Sound & Pacific Railroad  
5300 Broken Sound Boulevard, N.W., 2<sup>nd</sup> Floor  
Boca Raton, FL 33487

A description of the equipment covered by the Memorandum of Amendment to U.S. Guarantee and Security Agreement consists of all railroad cars, locomotives, or other rolling stock, or accessories used on such railroad cars, locomotives, or other rolling stock (including superstructures and racks), intended for a use related to interstate commerce ("Railroad Equipment"), now owned or hereafter acquired.

A fee of \$30.00 is enclosed. Please return the original to:

Louis E. Gitomer  
Of Counsel  
Ball Janik LLP  
Suite 225  
1455 F Street, N.W.  
Washington, DC 20005

A short summary of the document to appear in the index follows: a Memorandum of Amendment to U.S. Guarantee and Security Agreement between The Bank of Nova Scotia, 600 Peachtree Street, Suite 2700, Atlanta, GA, 30308, and RailAmerica, Inc., Palm Beach Rail Holdings, Inc., RailAmerica Transportation Corp., Arizona & California Railroad Company, California Northern Railroad Company, Puget Sound & Pacific Railroad, 5300 Broken Sound Boulevard, N.W., 2<sup>nd</sup> Floor, Boca Raton, FL 33487, covering all railroad cars, locomotives, or other rolling stock, or accessories used on such railroad cars, locomotives, or other rolling stock (including superstructures and racks), intended for a use related to interstate commerce ("Railroad Equipment"), now owned or hereafter acquired.

Very Truly Yours,

  
Louis E. Gitomer

Enclosures

MEMORANDUM OF AMENDMENT TO U.S. GUARANTEE AND SECURITY  
AGREEMENT

This Memorandum of Amendment to U.S. Guarantee and Security Agreement, dated as of November 1, 2002, is by and between THE BANK OF NOVA SCOTIA ("Nova Scotia"), as Collateral Agent, and RAILAMERICA, INC., PALM BEACH RAIL HOLDINGS, INC., RAILAMERICA TRANSPORTATION CORP., ARIZONA & CALIFORNIA RAILROAD COMPANY, formerly known as ARZC Operating Company, Inc., CALIFORNIA NORTHERN RAILROAD COMPANY, formerly known as CFNR Operating Company, Inc., and PUGET SOUND & PACIFIC RAILROAD, formerly known as PSAP Operating Company, Inc. ("New Domestic Guarantors").

1. The terms defined in the U.S. Guarantee and Security Agreement (the "Agreement") dated as of May 23, 2002, and not otherwise defined herein have, as used herein, the respective meanings provided for in the Agreement.
2. Nova Scotia and Domestic Guarantors executed the Agreement.
3. Pursuant to the Agreement, Domestic Guarantors granted to Nova Scotia for the Benefit of the Secured Parties a continuing security interest in, among other property, all of the railroad cars, locomotives, or other rolling stock, or accessories used on such railroad cars, locomotives, or other rolling stock (including superstructures and racks), intended for a use related to interstate commerce ("Railroad Equipment"), including, but not limited to the Railroad Equipment identified in attached Schedule 4 thereto.
4. Pursuant to Section 27 of the Agreement, each of the New Domestic Guarantors has delivered to Nova Scotia a separate Security Agreement Supplement through which the New Domestic Guarantors grant to Nova Scotia for the Benefit of the Secured Parties a continuing security interest in, among other property, all of the railroad cars, locomotives, or other rolling stock, or accessories used on such railroad cars, locomotives, or other rolling stock (including superstructures and racks), intended for a use related to interstate commerce ("Railroad Equipment"), now owned or hereafter acquired by the New Domestic Guarantors.
5. This document may be signed in any number of counterparts, each of which shall be an original and all of which shall be a part of this Memorandum of Amendment to U.S. Guarantee and Security Agreement.

RECORDATION NO. 23981-K FILED

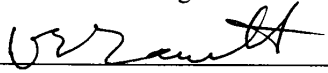
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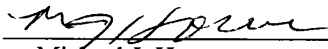
SURFACE TRANSPORTATION BOARD

IN WITNESS WHEREOF, each of the parties hereto has caused this MEMORANDUM OF AMENDMENT TO U.S. GUARANTEE AND SECURITY AGREEMENT to be executed by its duly authorized officer as of the date first above written.

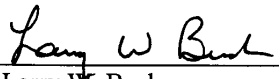
THE BANK OF NOVA SCOTIA,  
As Collateral Agent

By:   
Name: William E. Zarrett  
Title: Managing Director

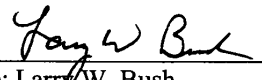
RAILAMERICA, INC.

By:   
Name: Michael J. Howe  
Title: Senior Vice President and Chief Financial Officer

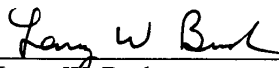
PALM BEACH RAIL HOLDINGS, INC.

By:   
Name: Larry W. Bush  
Title: Vice President and Treasurer

RAILAMERICA TRANSPORTATION CORP.

By:   
Name: Larry W. Bush  
Title: Vice President and Treasurer

ARIZONA & CALIFORNIA RAILROAD COMPANY,  
formerly known as ARZC Operating Company, Inc.

By:   
Name: Larry W. Bush  
Title: Vice President and Treasurer

CALIFORNIA NORTHERN RAILROAD COMPANY,  
formerly known as CFNR Operating Company, Inc.

By: Larry W Bush  
Name: Larry W. Bush  
Title: Vice President and Treasurer

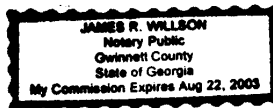
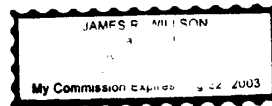
PUGET SOUND & PACIFIC RAILROAD, formerly  
known as PSAP Operating Company, Inc.

By: Larry W Bush  
Name: Larry W. Bush  
Title: Vice President and Treasurer

STATE OF GEORGIA )  
 ) ss.  
County of GWINNETT )

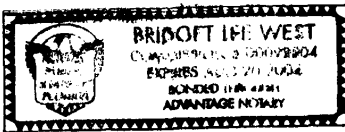
On this 7<sup>th</sup> day of ~~November~~ <sup>JANUARY</sup> 3, 2002, before me, JAMES WILLSON, the undersigned Notary Public, personally appeared WILLIAM FARRETT personally known to me to be the person who executed the within instrument as Managing Director on behalf of the corporation therein named, and acknowledged to me that the corporation executed it.

James R. Willson  
Notary Public for Georgia  
My Commission expires 8-22-03



STATE OF FLORIDA           )  
  ) ss.  
County of Palm Beach        )

On this 3rd day of January, 2003, before me, Bridget L. West, the undersigned Notary Public, personally appeared Larry W. Bush, personally known to me to be the person who executed the within instrument as Vice President and Treasurer on behalf of the corporations therein named, and acknowledged to me that the corporations executed it.




A handwritten signature in cursive script, appearing to read "B. West", written over a horizontal line.

Notary Public for State of Florida  
My Commission expires August 20, 2004

STATE OF FLORIDA       )  
                                      ) ss.  
County of Palm Beach     )

On this 3rd day of January, 2003, before me, Bridget L. West, the undersigned Notary Public, personally appeared Michael J. Howe, personally known to me to be the person who executed the within instrument as Senior Vice President and Chief Financial Officer on behalf of the corporations therein named, and acknowledged to me that the corporations executed it.

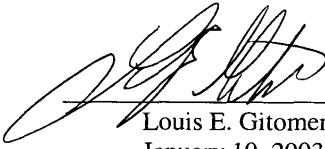


  
\_\_\_\_\_  
Notary Public for State of Florida  
My Commission expires August 20, 2004



# CERTIFICATION

I, Louis E. Gitomer, have compared this copy to the original Memorandum of Amendment to U.S. Guarantee and Security Agreement dated as of November 1, 2002, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.



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Louis E. Gitomer  
January 10, 2003